

**HOME CITY
FINANCIAL
CORPORATION**

**Second Quarter
Report**

June 30, 2009



**Home
City**

SERVING our area since 1925

"There's no place like home."

www.homecityfederal.com

Home City Financial Corporation
Consolidated Statement of Condition

ASSETS

	June 30, 2009	March 31, 2009	Dec. 31, 2008	June 30, 2008
		(Unaudited) (Dollars in thousands)		
Cash and due from banks	\$ 1,103	\$ 2,153	\$ 2,882	\$ 1,664
Interest-bearing demand deposits	2,631	528	373	8,933
Federal funds sold	6,205	36	1	3,396
Cash and cash equivalents	9,938	2,717	3,256	13,993
Available-for-sale securities	2,695	3,453	7,755	647
Loans	118,943	120,929	118,373	117,430
Allowance for loan losses	(1,717)	(2,070)	(2,069)	(1,033)
Loans, net	117,226	118,859	116,304	116,397
Premises and equipment	2,945	2,982	3,016	3,153
Federal Home Loan Bank stock	2,734	2,734	2,734	2,697
Interest receivable	548	596	590	595
Cash surrender value of life insurance	3,867	3,831	3,795	3,484
Other	1,877	1,693	1,826	781
Total assets	\$ 141,830	\$ 136,865	\$ 139,276	\$ 141,747

LIABILITIES

Deposits				
Demand	\$ 4,919	\$ 4,671	\$ 5,363	\$ 5,215
Savings, NOW and money market	23,859	23,597	23,701	24,069
Time	72,908	71,376	67,862	65,336
Total deposits	101,686	99,644	96,926	94,620
Federal Home Loan Bank advances	26,402	23,676	28,834	32,411
Interest payable and other liabilities	1,667	1,626	1,741	1,405
Total liabilities	129,755	124,946	127,501	128,436

SHAREHOLDERS' EQUITY

Preferred shares, no par value, authorized 1,000,000 shares; none issued	0	0	0	0
Common shares, no par value, authorized 5,000,000 shares; issued 950,659 shares	0	0	0	0
Additional paid-in capital	5,848	5,851	5,846	5,836
Retained earnings	8,194	8,032	7,881	9,698
Accumulated other comprehensive gain (loss)	23	26	39	(233)
Treasury shares, at cost, 146,223 shares	(1,990)	(1,990)	(1,990)	(1,990)
Total shareholders' equity	12,075	11,919	11,775	13,311

Total liabilities and shareholders' equity

\$ 141,830 \$ 136,865 \$ 139,276 \$ 141,747

Columns may not add due to rounding

Home City Financial Corporation
Consolidated Statement of Income

Interest and dividend income

	Three months ended			Six months ended	
	June 30, 2009	March 31, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(Unaudited) (Dollars in thousands except per share data)				
Loans	\$ 1,908	\$ 1,908	\$ 1,951	\$ 3,817	\$ 3,970
Securities	23	38	10	61	24
Federal funds sold	4	1	41	4	115
Dividends on Federal Home Loan Bank stock	28	33	36	61	70
Deposits with financial institutions	2	0	42	2	79
Total interest and dividend income	1,966	1,980	2,080	3,945	4,258

Interest expense

Deposits	685	690	809	1,374	1,693
Borrowings	260	250	430	510	851
Total interest expense	945	940	1,239	1,884	2,544

Net interest income

	1,021	1,040	841	2,061	1,714
Provision for loan losses	50	130	20	180	70
Net interest income after provision for loan losses	971	910	821	1,881	1,644

Noninterest income

Service charges on deposits	20	17	17	37	31
Life insurance	45	46	39	91	78
Gain on sale of real estate owned	0	57	0	57	0
Other	63	33	44	95	68
Total noninterest income	128	153	100	280	177

Noninterest expense

Salaries and employee benefits	377	421	414	798	837
Net occupancy expense	55	62	68	116	119
Equipment expense	43	35	42	79	85
Data processing fees	58	54	88	112	185
Professional fees	56	77	72	133	127
Franchise taxes	32	43	44	75	89
FDIC insurance	75	45	24	120	27
Other	93	87	84	181	171
Total noninterest expense	790	824	836	1,613	1,640

Income before income tax

	309	239	85	548	181
Provision for income taxes	99	39	10	138	42
Net income	\$ 210	\$ 200	\$ 75	\$ 410	\$ 139

Per share data

Basic earnings per share	\$ 0.26	\$ 0.25	\$ 0.09	\$ 0.51	\$ 0.17
Diluted earnings per share	\$ 0.26	\$ 0.25	\$ 0.09	\$ 0.51	\$ 0.17
Cash dividend per share	\$ 0.06	\$ 0.06	\$ 0.06	\$ 0.12	\$ 0.18
Market value per share	\$ 6.70	\$ 4.75	\$ 9.07	\$ 6.70	\$ 9.07
Book value per share	\$ 15.02	\$ 14.82	\$ 16.55	\$ 15.02	\$ 16.55
Weighted-average shares outstanding-basic	804,195	804,095	802,682	804,138	802,119

Asset quality ratios

Non-performing loans to total loans	1.69%	1.51%	1.22%	1.70%	1.22%
Allowance for loan losses to total loans	1.43%	1.71%	0.89%	1.44%	0.88%
Net charge-offs to average loans	0.34%	0.11%	0.05%	0.45%	0.19%

To Our Shareholders

Good news for second quarter 2009!

Home City's previously implemented strategies continue to reflect:

- steady loan volume
- increased customer deposits
- Net Interest Income exceeding \$1,000,000 for the quarter
- improvement in our Cost of Funds
- additional control of our Noninterest Expense

All the items as mentioned contributed to a profitable second quarter.

Asset Quality continues to be our primary emphasis. As the fallout from our country's economic woes continues, we will carefully evaluate the adequacy of our Allowance for Loan Loss.

Our core and risk-based capital positions continue to sustain Home City's designation as well capitalized under Office of Thrift Supervision regulations.

Thank you for your investment in Home City Financial Corporation.

Sincerely,



J. William Stapleton
President, CEO & COO

Directors

Glenn W. Collier

John D. Conroy, *Chairman*

James M. Foreman

Terry A. Hoppes

J. William Stapleton

Locations

**2454 North Limestone Street
Springfield, Ohio 45503
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ATM available

**63 West Main Street
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(937) 322-5844**

Officers

Patti S. Ark

Peter E. Duffey

Cynthia J. Gorby

Wendy L. Hoewischer

Thomas G. Jordan, Jr.

*** Don E. Lynam**

*** Charles A. Mihal**

Debra S. Moore

Gary D. Smart

*** J. William Stapleton**

*** Donna M. Williams**

*** *Executive Officer***

Shareholders' Information

Stock Listing: OTCBB Symbol – HCFL
CUSIP # 43706C209

Shareholder Inquiries: J. William Stapleton
President, CEO & COO

Charles A. Mihal
Secretary & Treasurer

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Internet Banking is Available at our Website:

www.homecityfederal.com